

## Message Text

UNCLASSIFIED

PAGE 01 MILAN 01311 01 OF 04 122104Z  
ACTION FBOE-00

INFO OCT-01 EUR-12 ISO-00 A-01 L-03 OC-06 CCO-00 SY-05  
USIA-15 /043 W

-----002825 122209Z /64

R 121212Z AUG 77

FM AMCONSUL MILAN  
TO AMEMBASSY ROME  
SECSTATE WASHDC 5543

UNCLAS SECTION 1 OF 4 MILAN 1311

DEPT FOR FBO-STANGE, EUR/EX-LEIDEL, EUR/WE-MCKINLEY  
ROME FOR MILLER, RUSSILLO

E.O. 11652: N/A

TAGS: IT, ABLD, ASEC

SUBJECT: REQUEST FOR APPROVAL TO SIGN MILAN CONSOLIDATED CONSULATE  
BUILDING CONTRACT

SUMMARY: WITH ADVICE AND COUNSEL OF FBO AND EMBASSY  
ROME, WE HAVE CONCLUDED NEGOTIATIONS FOR NEW MILAN  
CONSULATE BUILDING PACKAGE AND SUBMIT CONTRACT TO  
EMBASSY AND DEPARTMENT FOR APPROVAL TO PERMIT SIGNATURE  
BY AUGUST 31, 1977. END SUMMARY.

1. WE HAVE NOW CONCLUDED BASIC PRICE FORMULA, DESIGN  
AND SITE NEGOTIATIONS FOR CONSTRUCTION, RENTAL AND  
EVENTUAL PURCHASE OF CONSOLIDATED CONSULATE BUILDING  
IN MILAN. I REQUEST DEPARTMENT APPROVAL TO SIGN  
CONTRACT WITH RAS (ITALIAN INSURANCE COMPANY) BY  
AUGUST 31. TEXT OF CONTRACT FOLLOWS IN MIAN'S 1303.  
IT SUBJECT ONLY TO FINAL PRO FORMA REVIEW BY RAS  
PRESIDENT WITH WHOM ALL MATTERS OF PRINCIPAL AGREED  
PERSONALLY WITH CONGEN. BEFORE THIS FINAL ACTION,  
WISH TO BE SURE EMBASSY AND DEPARTMENT APPROVE TEXT.  
AS SOON AS CONTRACT SIGNED, WE HOPE TO BE ABLE CONCLUDE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MILAN 01311 01 OF 04 122104Z

PROPERTY TRANSFER NEGOTIATIONS WITH CITY.

2. MILAN SPACE NEEDS

THE UNITED STATES GOVERNMENT NOW LEASES THREE OFFICE  
SITES IN MILAN PLUS THE CONSUL GENERAL'S RESIDENCE.  
THIS DISPERSION CREATES A SERIOUS MANAGERIAL PROBLEM,

COSTS HEAVILY IN MESSENGER AND MOTOR POOL RESOURCES, LIMITS CLASSIFIED COMMUNICATIONS TO THOSE IN THE CENTRAL OFFICES AND POSES A VERY SERIOUS SECURITY PROBLEM. MOREOVER, PRESENT SPACE IS EXCESSIVE IN USIS AND INADEQUATE IN THE VERY CRAMPED COMMERCIAL SECTION AND IN THE MAIN OFFICES WHICH ARE SHORT OF STORAGE FOR SUPPLIES. SIMILARLY, THE RESIDENCE OF THE CONSUL GENERAL IS NOT DESIGNED FOR REPRESENTATIONAL PURPOSES AND THIS LIMITS ITS UTILITY. THE DIFFICULTY OF LOCATING RENTAL HOUSING FOR AMERICAN PERSONNEL IS SO ACUTE THAT SOME GOVERNMENT QUARTERS WOULD BE HIGHLY DESIRABLE FOR LOWER GRADE EMPLOYEES. IT IS IMPORTANT TO NOTE, TOO THAT EXISTING CONSULATE OFFICES ARE IN AN AGEING SKYSCRAPER, NO LONGER THE PRESTIGE LOCATION IT WAS WHEN WE MOVED HERE IN 1954. THE AIR CONDITIONING IS BROKEN DOWN MORE THAN IN SERVICE AND ELEVATOR SERVICE IS INCREASINGLY INADEQUATE WHILE THE OWNERS ARE UNABLE OR UNWILLING TO AGREE TO MODERNIZE. FINALLY, WE ARE FACED WITH THE DAILY CRISIS OF PARKING SPACE. USIS IS NOW IN AN AREA PERMITTING NO VEHICLE PARKING AND ONLY VERY RESTRICTED VEHICLE ACCESS. IT HAS NOT A SINGLE PARKING SPACE FOR OFFICIAL OR PRIVATE VEHICLES. THE MAIN CONSULATE HAS TOTALLY INADEQUATE RESERVED CURB PARKING BUT WE CANNOT ENFORCE OUR PRIORITY AND THAT OBLIGES ILLEGAL DOUBLE PARKING THAT OBSTRUCTS

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MILAN 01311 01 OF 04 122104Z

TRAFFIC IN A VERY CROWDED BUSINESS DISTRICT.

3. SECURITY CONSIDERATIONS ARE, PERHAPS, THE MAIN GOAD TO ACTION. OUR FACILITIES CANNOT ALL NOW BE PROTECTED BY THE POLICE IN TIME OF CRISIS. THE POLICE CHIEF FIRST URGED IN 1974 THAT THE USG MAKE A SERIOUS EFFORT TO CONSOLIDATE ITS OFFICES. EVEN IN THAT MORE PEACEFUL PERIOD, HE WARNED THAT HE SIMPLY DID NOT HAVE THE MEN TO PROVIDE PROTECTION FOR ALL SITES. THERE IS A LIST OF PRIORITY SITES IN MILAN THAT THE POLICE WILL PROTECT INCLUDING 64 FOREIGN CONSULATES. BUT THAT PROTECTION IS FOR THE MAIN OFFICE OF THE CONSULATE AND FOR THE CONSUL GENERAL. COMMERCIAL AND INFORMATION SERVICES OFFICES ARE AT THE TAIL END OF THE LIST AND, TO ALL INTENTS AND PURPOSES, BEYOND THE ZONE TO WHICH PROTECTION IS GUARANTEED.

4. IN MILAN, WHERE POLITICAL VIOLENCE HAS NOW BECOME ALMOST A DAILY OCCURANCE, WE HAVE MADE MAJOR EFFORTS TO INCREASE OUR SECURITY. MORE IS IN TRAIN. BUT THERE CAN BE NO SUBSTITUTE FOR WHOLLY CONTROLLED,

ISOLATED BUILDING DESIGNED FROM THE GROUND UP TO MEET OUR SECURITY NEEDS IN WHICH AS MUCH AS POSSIBLE OF OUR OPERATION CAN BE LOCATED. THE PROPOSED CONSOLIDATED BUILDING MEETS THAT CRITERION. IT EXCLUDES ONLY OUR TRADE CENTER OPERATION WHICH REQUIRES LARGE EXHIBIT SPACE AND LOCATION ON THE MILAN FAIRGROUNDS.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 MILAN 01311 02 OF 04 122108Z  
ACTION FBOE-00

INFO OCT-01 EUR-12 ISO-00 A-01 L-03 OC-06 CCO-00 SY-05  
USIA-15 /043 W  
-----003036 122209Z /64

R 121212Z AUG 77  
FM AMCONSUL MILAN  
TO AMEMBASSY ROME  
SECSTATE WASHDC 5544

UNCLAS SECTION 2 OF 4 MILAN 1311

##### 5. PREVIOUS EFFORTS

IN VIEW OF THIS UNSATISFACTORY SITUATION AND STIMULATED BY DEMANDS OF USIS AND CONSULATE LANDLORDS FOR MAJOR INCREASES IN RENT, IN 1973 WE BEGAN TO SEARCH FOR MEANS TO CONSOLIDATE THE CONSULATE IN A SINGLE BUILDING DESIGNED TO MEET OUR FUNCTIONAL NEEDS AND REPRESENTATIVE OF THE UNITED STATES IN DESIGN. IN 1974 WE FOUND AN EXCELLENT LOCATION AND HIGHLY FAVORABLE TERMS SINCE THE ENTREPRENEUR FACED CONDEMNATION OF A PRIME SITE BY THE CITY. ONLY BUILDING FOR USG COULD SAVE HIM FROM HEAVY FINANCIAL LOSS. THAT SOLUTION WOULD HAVE PREVAILED BUT FOR THE 175 LOCAL ELECTIONS WHICH INSTALLED A COMMUNIST-SOCIALIST CITY GOVERNMENT WHICH PROCEEDED AT ONCE WITH THE EXPROPRIATION. MEANWHILE, HOWEVER, WE HAD IDENTIFIED A DISTINGUISHED YOUNG AMERICAN ARCHITECT WORKING IN ITALY (CORNELL-MIT) GRANDSON OF FORMER ITALIAN PRESIDENT EINAUDI, EAGER TO DESIGN A BUILDING IN THE AMERICAN IDIOM AND TRAINED IN AMERICAN DESIGN CONCEPTS. HE HAS INVESTED HUNDREDS OF HOURS IN THE PROJECT TO OUR ENTIRE SATISFACTION AND BENEFIT WITH ONLY HOPE OF PAYMENT THAT PROJECT WILL BE APPROVED BY DEPARTMENT AND DESIGNS FUNDED BY FINANCING AGENCY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MILAN 01311 02 OF 04 122108Z

6. FOLLOWING FOUNDERING OF ORIGINAL PROJECT, WE INDUCED NEW MILAN CITY GOVERNMENT TO OFFER SITE OF ITS OWN FOR OUR USE. AFTER MONTHS OF DIFFICULT POLITICAL NEGOTIATION, EXCELLENT SITE OFFERED THAT MEETS ALL OF OUR REQUIREMENTS - INCLUDING PARKING AND PROPINQUITY TO SUBWAY STATION. WE HAVE ALSO CONVINCED ONE OF ITALY'S LARGEST INSURANCE COMPANIES (RAS)NN HEADED BY WARM FRIENDS OF US, TO PURCHASE, BUILD, LEASE AND SELL PROPERTY TO USG AT COST PLUS NORMAL ADMINISTRATIVE CHARGES. SINGLE MOST DIFFICULT PROBLEM HAS BEEN TO INDUCE CITY OF MILAN TO SELL PARK LAND TO PRIVATE INSURANCE COMPANY WITH ONLY ASSURANCE THAT USG WILL PURCHASE LAND WHEN CONGRESS PROVIDES FUNDS. SALE DIRECTLY TO USG WOULD BE DIFFICULT BUT DOABLE. SALE TO PRIVATE FIRM IS NEAR MIRACLE POSSIBLE ONLY BECAUSE WE BELIEVE WE HAVE CONVINCED ALL POLITICAL PARTIES THAT NO PRIVATE GAIN INVOLVED. NATURALLY IN THIS AS IN OTHER BUSINESS WITH POLITICAL BODY LIKE MILAN CITY COUNCIL THERE CAN ALWAYS BE LAST MINUTE UPSET. BUT WE BELIEVE THAT ONCE DEPARTMENT COMMITTED IN CONTRACT, CITY WILL ALSO DELIVER ON ITS PROMISE. IF CITY DOES NOT DO SO WITHIN ONE YEAR OF SIGNATURE THIS CONTRACT, BOTH PARTIES ARE AUTOMATICALLY RELEASED FROM OBLIGATIONS.

7. THUS, PACKAGE NOW READY TO GO. REQUIRES US SIGN LEASE AGREEMENT WITH INSURANCE COMPANY WHICH WILL THEN ACQUIRE PROPERTY FROM CITY WHICH WILL ALSO PROVIDE BUILDING LICENSE AS SOON AS DETAILED ARCHITECTURAL PLANS APPROVED. THESE CANNOT BE PREPARED UNTIL USG-RAS CONTRACT SIGNED TO ALLOW RAS TO COMMIT FUNDS. BUILDING SHOULD BE READY FOR OCCUPANCY IN 1980. IT WOULD PROVIDE SPACE FOR STATE,

UNCLASSIFIED

PAGE 03 MILAN 01311 02 OF 04 122108Z

USIS, AGRICULTURE AND DEA, FOR RESIDENCE OF CONSUL GENERAL AND TWO STAFF APARTMENTS ONE OF WHICH INTENDED FOR COMMUNICATOR.

8. ESSENTIAL TERMS OF PACKAGES

LEASE AGREEMENT BETWEEN DEPARTMENT AND RAS PROVIDES FOR CONSTRUCTION TO PLANS AND AT COSTS, INCLUDING

FINANCING, APPROVED AND AUDITED BY US WITH RENEWABLE NINE YEAR RENTAL CONTRACT WITH FIVE YEAR PURCHASE OPTION. PURCHASE COST WOULD BE AUDITED AND ADJUSTED BY COST OF LIVING INDEX. ANNUAL RENT WOULD BE 7 PERCENT AUDITED CONSTRUCTION COST, WITH ALL MAINTENANCE AT US CHARGE, ADJUSTED EVERY TWO YEARS FOR COST OF LIVING INCREASES. COST OF FUNDS WOULD BE AT 10 PERCENT PER ANNUM DURING CONSTRUCTION PHASE ONLY. RAS-US AGREEMENT WOULD EXPIRE AFTER ONE YEAR IF CITY FAILS TO CONVEY PROPERTY OR GRANT NECESSARY BUILDING PERMITS. RAS WISHES CONTRACT TEXT TO BE IN ITALIAN. WE HAVE EXAMINED COSTS WITH ARCHITECT AND WITH AUSTIN-ITALIA, MAJOR US GENERAL CONTRACTOR TO WHOM WE WOULD LIKE TO CONFIDE CONSTRUCTION. AUSTIN BELIEVES CONSTRUCTION COULD BE COMPLETED IN 16 MONTHS OR LESS. ESTIMATED 1980 COST OF BUILDING, SITE AND ALL DESIGN EXPENSES NOW PUT AT ABOUT 4.735 BILLION LIRE EQUAL TO ABOUT \$5,375,000 AT PRESENT 881 RATE OF EXCHANGE. ESTIMATED ANNUAL RENT WOULD BE LIT. 331,500,000 OR \$376,290 AT 881 TO THE DOLLAR FOR PERIOD 1980-1982. THE ACTUAL DOLLAR COST WOULD PROBABLY BE LESS THAN THIS IN VIEW OF THE EXPECTED CONTINUED DEVALUATION OF THE LIRA. THIS ESTIMATE INCLUDES 20 PERCENT PER YEAR COST OF CONSTRUCTION ESCALATOR AND 10 PERCENT CONTINGENCY MARGIN.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 MILAN 01311 03 OF 04 122117Z  
ACTION FBOE-00

INFO OCT-01 EUR-12 ISO-00 A-01 L-03 OC-06 CCO-00 SY-05  
USIA-15 /043 W

-----003517 122211Z /64

R 121212Z AUG 77  
FM AMCONSUL MILAN  
TO AMEMBASSY ROME  
SECSTATE WASHDC 5545

UNCLAS SECTION 3 OF 4 MILAN 1311

#### 9. ARCHITECTURAL DESIGN CRITERIA

DESIGN AND SPACE SPECIFICATIONS OF PLAN MEET CURRENT FBO DESIGN CRITERIA AS SPECIFIED BY FBO IN JANUARY 1975. USIS SPACE CONFORMS TO ITS SPECIFICATIONS FOR MILAN (REF. 76 USIA 1046).

10. COST COMPARISON

AS REQUESTED BY MR. STANGE, FBO, DURING HIS JUNE 15, 1977 VISIT TO MILAN, WE HAVE UPDATED COMPARISON OF MILAN RENTAL COSTS. TO DO SO WE HAVE CONSULTED IBM ITAY, PIRELLI WHICH OWNS MILAN'S MOST IMPORTANT SKYSCRAPER BUILT IN 1960, TWO OF THE LARGEST INSURANCE COMPANIES THAT ARE MAJOR INVESTORS IN MILAN REAL ESTATE, THE LOMBARDY SAVINGS BANK (THE WORLD'S LARGEST WITH ASSETS OF OVER \$14 BILLION) WHICH IS MILAN'S LARGEST REAL ESTATE FINANCING AGENCY AND ITALY'S MAJOR COMMERCIAL BANKS HEADQUARTERED IN MILAN.

11. ACCORDING TO OUR SOURCES, THE COST OF PRIME NEW RENTAL SPACE OF THE QUALITY SUITABLE FOR THE UNITED STATES CONSULATE WOULD, TODAY, COST BETWEEN 80,000 AND 120,000 LIRE PER SQUARE METER IN DOWNTOWN UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MILAN 01311 03 OF 04 122117Z

MILAN. THIS PRICE DOES NOT INCLUDE CONDOMINIUM COSTS. A SIMILAR PROPERTY I THE PAGANO-MAGENTA AREA, IN WHICH WE PROPOSE THE CONSOLIDATED BUILDING, COSTS BETWEEN 60,000 AND 100,000 LIRE PER SQUARE METER TODAY. THESE PRICES ARE FOR AVAILABLE SPACE NONE OF WHICH WOULD BE EQUIVALENT TO SEPARATE BUILDING SURROUNDED BY OPEN PARK AREA AND WITH NO OTHER OCCUPANT.

12. THE ESTIMATED ANNUAL RENTAL PER SQUARE METER FOR THE COMBINED CONSULATE BUILDING SHOULD NOT EXCEED ABOUT LIT. 80,000 WHEN READY FOR OCCUPANCY IN ABOUT 1980, ASSUMING CONSTRUCTION BEGINS AT THE END OF 1977 AND COST CITED IN PARA 8 ABOVE.

13. TODAY'S NEW RENTAL COSTS MUST BE ADJUSTED UPWARD TO MAKE THEM COMPARABLE WITH THAT ESTIMATED FOR THE CONSOLIDATED CONSULATE IN 1980. ACCORDING TO REAL ESTATE EXPERTS HERE, FAIR ADJUSTMENT WOULD PROBABLY BY 20 PERCENT FOR 1978 AND 20 PERCENT FOR 1979 AND 11.8 PERCENT FOR 1980, ALTHOUGH THE 1980 RATE PROBABLY ERRS ON THE LOW SIDE. TAKING A COMMERCIAL RENT TODAY IN THE PAGANO-MAGENTA AREA AT LIT. 80,000 (A MEDIUM COST PER SQUARE METER), ADJUSTED TO 1980, WE HAVE THE FOLLOWING COMPARISON:

CONSOLIDATE CONSULATE:  
80,000 LIRE PER SQUARE METER

COMPARABLE COMMERCIAL SPACE:  
128,000 LIRE PER SQUARE METER.

14. THE LOWER COST FOR THE CONSOLIDATED CONSULATE  
IS EXPLAINED PRIMARILY BY TWO FACTORS: FIRST THE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MILAN 01311 03 OF 04 122117Z

PRICE OF THE PROPERTY AS PURCHASED FROM THE CITY  
OF MILAN IS LESS THAN IT WOULD BE ON THE COMMERCIAL  
MARKET. SECOND, THE RAS INSURANCE COMPANY WILL  
CHARGE US ONLY 10 PERCENT FOR ITS MONEY RATHER THAN THE  
16 PERCENT CHARGED BY A BANK. MOREOVER, RAS BY A FORMAL  
DECISION OF ITS BORAD OF DIRECTORS, IS UNDERTAKING  
THE PROJECT NOT AS A PROFIT MAKING OPERATION, BUT AS  
A FAVOR TO THE UNITED STATES.

15. THESE RENTS ARE ABOVE OUR PRESENT COSTS. IF  
WE PROJECT THE RENTS THAT WE ARE NOW PAYING TO  
1980, APPLYING THE SAME ESCALATORS, THE COMPARISON  
IS AS FOLLOWS:

EXISTING QUARTERS: LIRE 164,635,000 PER YEAR (WHICH  
MAY NOT CONTINUE HOWEVER AT SAME LOW LEVEL OF GROWTH . SEE PARA 17).

COMMERCIAL RENT: LIRE 530,373.692 PER YEAR

CONSOLIDATED CONSULATE: LIRE 331,500,000 FIRST TWO YEAR.

16. WHEN WE FIRST STUDIED THE FEASIBILITY OF UNITING  
THE CONSULATE IN A SINGLE BUILDING OF OUR OWN  
OWNERSHIP IN FEBRUARY 1975, WE FORESAW A 1980 RENTAL  
COST PER SQUARE METER OF ABOUT LIRE 51,000. TODAY

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 MILAN 01311 04 OF 04 122126Z  
ACTION FBOE-00

INFO OCT-01 EUR-12 ISO-00 A-01 L-03 OC-06 CCO-00 SY-05  
USIA-15 /043 W

-----003844 122209Z /64

R 121212Z AUG 77  
FM AMCONSUL MILAN  
TO AMEMBASSY ROME

SECSTATE WASHDC 5546

UNCLAS SECTION 4 OF 4 MILAN 1311

THE ESTIMATE FOR 1980 IS MORE THAN DOUBLE FOR COMMERCIAL RENT AND ABOUT 50 PERCENT HIGHER IN OUR CONTRACT PROPOSAL. THE 1975 OPPORTUNITY WAS, AS WE NOTED AT THE TIME, AN UNUSUAL AND NOT TO BE REPEATED BARGAIN THAT WAS LOST BECAUSE POLITICAL CONTROL OF THE CITY OF MILAN CHANGED TO THE LEFT. MEANWHILE, BUILDING AND PROPERTY COSTS HAVE CONTINUED TO INCREASE - BUILDING COSTS BY 35 PERCENT FROM 1976 TO 1977 AND RENTAL COSTS BY 100 PERCENT IN THE PAST FOUR YEARS. BECAUSE MILAN CONTINUED TO GROW, BECAUSE DEMAND FOR COMMERCIAL SPACE IN THE CITY CONTINUES TO RISE (THE TENTH AMERICAN BANK IS OPENING SHOP HERE SHORTLY) AND BECAUSE THERE IS A FREEZE ON ANY NEW CONSTRUCTION WITHIN CITY LIMITS, REAL ESTATE VALUES ARE SKYROCKETING AND EVERYONE EXPECTS THAT TREND TO CONTINUE.

17. AT PRESENT ITALIAN RENTS ARE FROZEN BY NATIONAL LAW THAT LIMITS INCREASES TO 5 PERCENT PER YEAR. IT IS POSSIBLE, HOWEVER, THAT COMMERCIAL RENTS WILL SOON BE FREED AND A VERY SHARP RISE IN PRESENTLY FROZEN RENTS WILL FOLLOW. LIKE ALMOST EVERYONE ELSE, CONSULATE PRACTICE BEFORE 1975 WAS TO ACCEPT ILLEGAL INCREASES IN RENT. HOWEVER, RISES THAT YEAR WERE SO STEEP AND THE USIS BUDGET SO TIGHT THAT WE RISKED BEING FORCED TO CLOSE THE USIS LIBRARY. WE, THEREFORE, UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MILAN 01311 04 OF 04 122126Z

ENGAGED A LAWYER AND WE HAVE SUBSEQUENTLY REFUSED ANY INCREASES IN EXCESS OF THE LEGAL 5 PERCENT. WHILE THIS HAS SAVED USG ABOUT \$90,000 IN PAST THREE YEARS, IT CAN'T LAST. AS SOON AS RENT CEILINGS ARE LIFTED, CONSULATE LANDLORDS WILL JUMP RENTS TO MARKET LEVELS WHICH ARE ALREADY WELL ABOVE OUR PRESENT RATES.

18. CONCLUSION

THE LESSON OF THE PAST WAS YEARS HERE IS CLEAR - REAL ESTATE VALUES ARE RISING VERY RAPIDLY AND OWNERSHIP OF PROPERTY IS THE ONLY WAY TO SLOW THE PACE. PURCHASE PRICES SEEMED TOO HIGH IN 1950 AND IN 1960 AND IN 1970. WHEN WE FIRST SUBMITTED OUR PROPOSAL IN 1975, THEY SEEMED OUT OF SIGHT AND WE THEREFORE PROJECTED THEIR INCREASE AT A REDUCED RATE. IN FACT, THEIR GROWTH HAS CONTINUED UNABATED AND 1975'S PROJECTION NOW LOOKS LIKE A BARGAIN. TODAY'S PRICE LOOKS HIGH. BUT, THERE IS REASON TO BELIEVE



THAT TOMORROW IT, TOO, WILL LOOK LIKE A BARGAIN.

19. THAT IS ESPECIALLY TRUE FOR THE PACKAGE THAT WE HAVE NOW ASSEMBLED. THE CITY OF MILAN IS PREPARED TO SELL US THE NEEDED LAND FROM ITS OWN PARK SYSTEM - AN OPERATION NOT UNLKE SELLING THE PRUDENTIAL LIFE INSURANCE COMPANY A LOT TAKEN FROM, SAY, ROCK CREEK PARK OR POTOMAC PARK. THE PRICE IS HIGH BUT LOWER THAN IT WOULD BE PURCHASED FROM A PRIVATE OWNER ACROSS THE STREET. MOREOVER, WE HAVE ONE OF ITALY'S LARGEST INSURANCE COMPANIES AGREED TO FINANCE AND BUILD AS A FAVOR TO THE UNITED STATES CHARGING AT COST PLUS MODEST FIXED CHARGES FOR OVERHEAD AND PROVIDING FINANCING AT ABOUT 5/8 OF THE GOING PRICE FOR MORTGAGE MONEY.  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MILAN 01311 04 OF 04 122126Z

20. THIS OFFERS THE UNITED STATES A REMARKABLE AND NON-RECURRING OPPORTUNITY TO STABILIZE ITS SPACE COSTS IN MILAN FOR PERHAPS ANOTHER 40 TO 50 YEARS.

21. GIVEN OUR IMMEDIATE NEED TO CONSOLIDATE AND THE COST SAVING BENEFITS TO BE DERIVED IN MEDIUM TERM, I HOPE THAT EMBASSY WILL RECOMMEND, AND THAT DEPARTMENT WILL BE ABLE TO AUTHORIZE, SIGNATURE OF THE PROPOSED CONTRACT BEFORE AUGUST 31, 1977.FINA

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 12-Aug-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977MILAN01311  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770291-0809  
**Format:** TEL  
**From:** MILAN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770868/aaaacexp.tel  
**Line Count:** 470  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 1750755b-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION FBOE  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 9  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 15-Nov-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1618782  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REQUEST FOR APPROVAL TO SIGN MILAN CONSOLIDATED CONSULATE BUILDING CONTRACT SUMMARY: WITH ADVICE AND COUNSEL OF FBO AND EMBASS  
**TAGS:** ABLD, ASEC, IT  
**To:** FBO ROME MULTIPLE  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/1750755b-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009